



Stat. of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Olene S. Walker
Governor

Kevin S. Carter
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

S/039/012
m/039/013 *

September 9, 2004

RECEIVED

SEP 10 2004

DIV OF OIL GAS & MINING

CETIFIED MAIL 7160 3901 9842 1746 8239

Bryce Haas and B&H Stone Supply, LLC
331 East 200 South
Lindon, UT 84042

RE: Cancellation of Mineral Lease ML 48949-OBA

Gentlemen:

Trust lands lessees are obligated to timely make payments in accordance with the terms and conditions of their lease. Failure of the Lessee to timely make required payments is a breach of the terms and conditions of the lease and may subject the lease to cancellation by the Director.

This letter will advise you that on September 3, 2004, the above numbered mineral lease for building stone was cancelled by the Director for non-payment of the annual rental due July 1, 2004. Lessee no longer has any rights relevant to the mineral lease and must immediately cease mining and commence reclamation of all mined land disturbances on the leased lands. The leased lands include both the Fayette Stone Quarry and the Gunnison Stone Quarry. Reclamation must be performed in accordance with Lessee's approved mining and reclamation plans on file with the Utah Division of Oil, gas & Mining (Permit Numbers M/039/013 and S/039/012).

Also, Lessee has no further rights to use the surface estate. Within the next 60 days Lessee must vacate the surface of the leased lands and remove all buildings and structures incident to the mining, processing and production of the leased substances. Buildings or structures remaining on the lease-premises after said Sixty-day period may be considered abandoned and may be disposed of in the interest of the trust.

It is noted that Lessee is also presently in default of royalty payments accruing to the lease, including a payment deficiency of \$647.37 in royalty accruing to July 2004 production. Failure of Lessee to pay all past due royalties accruing to the lease may result in interest penalty and legal remedies by the Trust Lands Administration to recover damages to the trust.

Please contact me if you have any questions regarding cancellation of the lease or the requirements of the Trust Lands Administration in the matter.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Tom Faddies
Ron Carlson
Lynn Kunzler
B&H Stone Supply, LLC (Gunnison)

Utah!
Where ideas connect™